

**MAJOR GENERAL FUND REVENUE CHANGES - 2005-07 EXECUTIVE BUDGET REVENUE FORECAST
COMPARED TO 2003-05 ORIGINAL AND REVISED REVENUE FORECASTS**

General Fund Revenue Sources and Beginning Balance	2003-05 Original Legislative Revenue Forecast	Increase (Decrease) 2003-05 Revised Forecast Compared to 2003-05 Original Forecast	2003-05 Revised Revenue Forecast	Increase (Decrease) 2005-07 Executive Budget Forecast Compared to 2003-05 Revised Forecast	2005-07 Executive Budget Revenue Forecast	Total Increase (Decrease) 2005-07 Executive Budget Forecast Compared to 2003-05 Original Forecast
Beginning balance	\$5,450,180 \1	\$9,340,131	\$14,790,311 \2	\$111,917,185	\$126,707,496 \3	\$121,257,316
Sales and use tax	674,764,000	45,227,963	719,991,963	41,734,037	761,726,000	86,962,000
Motor vehicle excise tax	126,784,840	3,078,918	129,863,758	4,840,242	134,704,000	7,919,160
Individual income tax	435,255,000	769,523	436,024,523	30,994,477	467,019,000	31,764,000
Corporate income tax	91,450,000	(10,669,917)	80,780,083	2,342,917	83,123,000	(8,327,000)
Insurance premium tax	55,869,000	4,326,518	60,195,518	4,557,482	64,753,000	8,884,000
Cigarette and tobacco tax	36,709,000	2,094,411	38,803,411	(2,655,411)	36,148,000	(561,000)
Oil and gas production tax	42,348,719	2,408,281	44,757,000 \4	2,513,000 \4	47,270,000 \4	4,921,281 \4
Oil extraction tax	28,651,281	(2,408,281)	26,243,000 \4	10,757,000 \4	37,000,000 \4	8,348,719 \4
Coal conversion tax	47,221,000	509,816	47,730,816	988,184	48,719,000	1,498,000
Departmental collections	54,410,473	5,378,527	59,789,000	(10,664,000)	49,125,000	(5,285,473)
Transfer - Bank of North Dakota	60,000,000	0	60,000,000	0	60,000,000	0
Other	155,000,577	(2,071,742)	152,928,835	(52,068,335)	100,860,500	(54,140,077)
Total general fund revenues and beginning balance	<u>\$1,813,914,070</u>	<u>\$57,984,148</u>	<u>\$1,871,898,218</u>	<u>\$145,256,778</u>	<u>\$2,017,154,996</u>	<u>\$203,240,926</u>

\1 Original estimate for the July 1, 2003, balance.

\2 Actual July 1, 2003, balance.

\3 Estimated July 1, 2005, balance - The executive budget recommendation projects a July 1, 2005, general fund balance of \$126,707,496, based on the 2003-05 revised general fund revenue forecast of \$1,913,564,488 (the forecasted amount of \$1,857,107,907 plus \$56,456,581 received in the form of federal fiscal relief and enhanced Medicaid payments) and appropriation authority of \$1,801,647,303 (general fund appropriations of \$1,803,661,161 plus proposed deficiency appropriations of \$10,886,142 and less estimated general fund turnback of \$12.9 million).

\4 North Dakota Century Code (NDCC) Section 57-51.1-07.2 originally provided that if, at the end of any biennium, oil and gas production and extraction tax collections during the biennium exceed \$62 million, the excess amount must be transferred from the general fund to the permanent oil tax trust fund. Money in the permanent oil tax trust fund may only be spent upon approval of two-thirds of the members-elect of each house of the Legislative Assembly. Interest on money in the fund is transferred to the general fund.

Total oil and gas production and extraction tax collections were \$69.6 million during the 2001-03 biennium, resulting in \$7.6 million being transferred to the permanent oil tax trust fund at the end of that biennium. The July 1, 2003, balance in the permanent oil tax trust fund was \$12.8 million.

Section 26 of Senate Bill No. 2015 (2003) amended NDCC Section 57-51.1-07.2 so that all revenues deposited in the general fund during a biennium that are derived from the oil and gas production and extraction taxes which exceed \$71 million are to be transferred into the permanent oil tax trust fund, instead of the prior \$62 million limit. In August 2003, \$11.91 million was transferred from the permanent oil tax trust fund to the general fund pursuant to Section 6 of Senate Bill No. 2015 (2003).

Total oil and gas production and extraction tax collections are estimated to be \$111.8 million during the 2003-05 biennium, resulting in an estimated \$40.8 million being transferred to the permanent oil tax trust fund by the end of the biennium.

The executive budget recommends that NDCC Section 57-51.1-07.2 be amended to raise the general fund limit from \$71 million to \$84.5 million. Total oil and gas production and extraction tax collections are estimated to be \$84.3 million for the 2005-07 biennium. Based on an \$84.5 million general fund limit, there would be no transfer to the permanent oil tax trust fund during the 2005-07 biennium.